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UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Washington 25, D. C.

BEAN CROP INSURANCE FOR 1949

Summary of Major Program Provisions

Crop insurance covering dry edible beans was initiated on an experimental basis in 1948 in four counties. This program is being expanded for 1949 to include a total of nine counties in six states. The major provisions of the proposed 1949 bean insurance program are outlined below.

1. Plan of insurance

The contract names the insurable class or classes of beans to be insured in each county. The classes named compose the major part of the bean production in each county. The coverage and premium rate per acre are stated in dollars. The total coverage for any insurance unit is the sum of the coverages for all insured classes of beans planted thereon. In determining the amount of the indemnity, if any, due the insured the production of all insured classes of beans on the insurance unit will be valued at the prices set forth in the contract and the total amount thus computed will be compared with the coverage for the insurance unit. The price schedule in the contract makes appropriate allowances for the various grades or pick of beans. Protection against loss of quality is thus provided in the contract.

2. Establishing coverages and rates

The coverage is established at a level which will protect the farmer against the loss of a reasonable part of his investment in his bean crop. The Federal Crop Insurance Act limits the coverage to the investment in the crop in the area. Only one level of insurance is offered in a county. The coverage and premium rate are established on an area basis rather than on an individual farm basis. This results in all farms within an area having the same coverage and premium rate. An area might possibly be as small as a single farm or as large as an entire county. The variation by areas is based on distinct differences with respect to productivity, cost of production or risk of loss. It is also necessary to vary coverages and rates in some areas by farming practices.

3. Progressive coverage

The protection offered is arranged in progressive stages and increases as the season progresses and the insured's investment in the crop increases. These stages and coverages for each stage are as follows:

A. Acreage not pulled or cut - approximately 65% of the coverage for threshed acreage.

B. Acreage pulled or cut but not threshed - approximately 85% of the coverage for threshed acreage.

C. Acreage threshed - full coverage.

4. Valuing Production

When the beans are threshed, the value (as determined in the paragraph below) of the actual production is used in determining a loss. In the case of acreage destroyed or substantially destroyed in the first and second stages, the production has to be appraised. However all of this appraisal is not counted and quite frequently it is zero because of the allowance which is established. Only that portion of the appraisal in excess of the allowance is counted as production. The allowance for each stage is determined by subtracting the coverage for that stage from the coverage in the third stage and dividing the result by the applicable predetermined price per pound.

A price schedule of predetermined prices per hundred pounds will be made a part of the insurance contract and will be known by the applicant before he signs the application. The prices will vary according to the grade or pick in the beans (the grade or pick for unthreshed production will have to be estimated). When an insured has low quality beans the price schedule permits appropriate deductions in valuing his production and thus affords quality protection. The net weight of the beans (weight after cleaning, screening, and moisture deductions) will be multiplied by the applicable predetermined price to establish the value of the production.

5. Insured acreage

The applicant will report on his application the number of acres of dry beans in which he expects to have an interest and the share he expects to have in the crop to be planted on such acreage.

The acreage and interest in the crop as shown on the application may be increased or decreased by the applicant on or before the closing date for submitting applications. After the completion of planting of the bean crop on any insurance unit, but not later than July 15, 1949, the insured may revise the acreage figure downward to the actual planted acreage on such unit in cases where the planted acreage on such unit is less than that specified on the application as of the closing date. No upward revisions will be permitted after the closing date.

6. Insurance Unit

An insurance unit is the area considered in determining a loss. An insurance unit will be (1) all insurable acreage of dry beans in the county in which the insured has 100 percent interest at the time of planting, or (2) all insurable acreage of dry beans in the county owned by one person and operated by the insured as a share tenant or (3) all insurable acreage of dry beans in the county owned by the insured which is rented to one share tenant. Land rented for cash or for a fixed commodity payment shall be considered to be owned by the lessee.

7. Collateral assignment

The applicant may make a collateral assignment against his bean crop insurance contract. The collateral assignment may be used as security in obtaining a bank loan, seed and fertilizer loan or to secure other forms of indebtedness.

8. Length of contract

Crop insurance covering beans will be written on an annual basis in 1949. The protection offered will cover beans only while they are in the field. The insurance period will begin when the beans are planted and end when the beans are threshed or removed from the field but not later than December 15, 1949.

9. Premiums

The premium rate will be stated in dollars and the premium may be paid at the time the application is signed. A discount of 5 percent will be allowed for any premium paid in full on or before the closing date for filing applications. If payment of the premium is not made on or before the closing date, it will become due August 31, 1949. A 3 percent charge for interest will be made on all premium payments not made on or before December 31, 1949, and an additional 3 percent will be added on the principal amount remaining unpaid at the end of each 6-month period thereafter.

10. Minimum participation

Legislation provides that crop insurance for any commodity shall not be provided in any county unless written applications for insurance on that commodity are filed which cover at least 200 farms in the county or one-third of the farms normally producing that commodity.